



Fourth Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES

34 Elizabeth II

Chairman
Mr. C. Santos
Constituency of Burrows



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Hon. Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BIRT, Charles T.	Fort Garry	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, Hon. John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Q.C., Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	IND
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Hon. Harry M.	The Pas	NDP
HARPER, Elijah	Rupert Island	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Hon. Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, Hon. John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Hon. Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Tuesday, 23 April, 1985

TIME - 10:00 a.m.

LOCATION - Winnipeg, Manitoba

CHAIRMAN - Mr. C. Santos

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Bucklaschuk, Cowan, Harapiak
Messrs. Fox, Malinowski, Manness, Santos,
Brown and Scott

APPEARING: Mr. Olafur P. Sigurdson, Chairman of the Board
Mr. Carl Laufer, President and General Manager

MATTERS UNDER DISCUSSION:

1984 Annual Report of the Manitoba Public Insurance Corporation

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MR. CHAIRMAN: I call the Committee on Public Utilities and Natural Resources to order in order to consider the Annual Report of the Manitoba Public Insurance Corporation.

I would like to invite the Honourable Minister to make his opening statement and to introduce the staff who are present here today.

MR. D. BLAKE: Mr. Chairman, are you sure you have a quorum?

MR. CHAIRMAN: Yes, we do.

MR. D. BLAKE: Who is all on the committee?

MR. CHAIRMAN: Manness is here - you have a copy.

MR. D. BLAKE: Oh, I didn't see him. Okay, well, you sneaked in on me behind my back.

MR. CHAIRMAN: The Honourable Minister.

HON. J. BUCKLASCHUK: I have made copies of the statement.

MR. CHAIRMAN: Copies of the statement are available for distribution.

HON. J. BUCKLASCHUK: Mr. Chairperson, members of the committee, I am pleased to report that the Manitoba Public Insurance Corporation has again achieved considerable success in meeting the insurance needs of Manitobans, and I welcome this opportunity to review the corporation's 1983-84 Annual Report with you today.

As in the past, a number of MPIC officials are on hand to assist me in answering your questions and, with the Chairman's permission, I would like to introduce them before we begin. Sitting to my left is Mr. Olafur Sigurdson, Chairman of the MPIC's Board of Directors; Mr. Carl Laufer, President and General Manager of the corporation; Mr. Ken Jordan, Vice-President, General Insurance; Mr. Henry Dribnenky, Vice-President, Finance; and Mr. Len Brucki, Controller.

As I mentioned, the Manitoba Public Insurance Corporation has again reached and in many cases surpassed its goals of providing comprehensive insurance coverage to the public at a reasonable cost.

At the same time, it is gratifying to note that the 1983-84 financial results represent the fourth consecutive year, and the tenth year in MPIC's 13-year history, that the corporation has reported an overall surplus on its operations.

These are tangible direct benefits which are shared with Manitoba motorists, homeowners, tenants, farmers and business people in the form of lower insurance premiums and extensive protection against a wide range of risks.

Equally important, however, are the indirect benefits which all Manitobans derive from the corporation's participation in the province's economy.

During the 1983-84 fiscal year, for example, MPIC employed a total of 867 Manitobans, who reinvested a total payroll of \$23.2 million in various cities, towns and villages across the province.

In addition, the corporation is represented by 397 agents throughout Manitoba, and during the fiscal year under review, paid \$15.1 million in commissions to its agency force.

The corporation's assets, which consist mainly of investments, increased to \$336.6 million in the 1983-84 fiscal year from \$280.3 million in 1982-83.

Provisions for unpaid claims and unearned premiums are the major source of funds for the investment portfolio, which now totals \$295.1 million.

Of this amount, \$219.2 million is invested in long-term, Manitoba-based holdings, such as provincial hospitals, schools and municipal bonds.

As well as contributing to the economic growth and development of the province, these investments reduce the overall cost of insurance to policy holders by increasing the amount of revenue available to the corporation through sources other than premiums.

The province benefits from the corporation's operations in several other ways as well.

During the 1983-84 fiscal year, for example, MPIC paid a total of \$473,000 in grants towards the cost of municipal and school services, and \$6.7 million in levies assessed under The Insurance Corporations Tax Act.

The corporation also continues to play an important role in traffic safety promotion and education, working with a wide range of safety organizations to reduce the economic and social costs of motor vehicle accidents.

Significant advances were made in this area during 1983-84 fiscal year when MPIC began contributing \$110

of the total course cost of \$163 per student for the province's High School Driver Education Program.

As a result, Manitoba students now enjoy one of the lowest driver education registration fees in Canada and, with increased participation in this important program, I am confident that MPIC's investment will be returned many times over as young motorists acquire the attitudes, skills and experience which will make them safer drivers.

As Minister responsible for MPIC, I am proud of this record of public service, achievement and financial success, which can be attributed mainly to the efforts of the corporation's board of directors, management, staff and agents.

Their professionalism and dedication have contributed immeasurably to MPIC's growth over the past 13 years, and I would like to take this opportunity to thank them for their assistance.

Mr. Chairperson, this concludes my statements on the corporation's operations during the 1983-84 fiscal year.

Before answering your questions, however, I would like to call on Mr. Olafur Sigurdson, the Chairperson of MPIC's Board of Directors to provide a brief overview of the 1983-84 financial results.

MR. CHAIRMAN: Mr. Sigurdson.

MR. O. SIGURDSON: Thank you, Mr. Bucklaschuk. As the Minister has just mentioned, the Manitoba Public Insurance Corporation has recorded its fourth consecutive overall surplus, and I am pleased to provide the committee with a brief overview of 83-84 financial results.

You will see in the annual report before you that the corporation earned a consolidated net profit of \$14 million in the fiscal year ended October 31, 1984. Total earned revenues rose to \$255 million from \$231.7 million in 1982-83 fiscal year, while the cost of claims incurred increased to \$206.3 million from \$189.2 million.

Helping to offset the rise in claims cost was the significant increase in investment income which grew to \$33.6 million from \$27 million in 1982-83 fiscal year.

The Automobile Insurance Division, or Autopac, as most people know it, earned a net surplus of \$18.8 million on total earned revenues of \$220 million.

Although the number of claims processed rose to 208,000 from 195,000 in the previous year, increases in premiums earned to \$189.9 million from \$182.1 million, and investment income to \$30.1 million from \$24.3 million contributed to the positive financial picture.

The \$18.8 million surplus earned by the Automobile Insurance Division enabled the corporation to increase its rate stabilization reserve by \$7.8 million, its catastrophes reserve by \$10 million and its contingency reserve by \$1 million.

I am pleased to report that the financial stability achieved by the Automobile Insurance Division has placed the corporation in an enviable position in the automobile insurance industry. While the division's reserves cushion Manitoba motorists against future increases in claims cost, the corporation offers no-fault-accident benefits superior to those provided in most other jurisdictions and at the same time has reduced rates by an average of 2 percent for the 1985 insurance year.

Unfortunately, the 1983-84 financial results for MPIC's General Insurance Division were not as encouraging due mainly to the uncertainty and instability which currently exists in the international reinsurance market.

The division which markets a broad range of property casualty coverage in competition with other insurers recorded a \$4.8 million loss in the year under review. Dramatic increases in claims cost arising from international reinsurance operations which affected many other insurers in a similar fashion, account for the entire operating loss.

While the reinsurance losses had a negative impact on the division's 1983-84 financial performance, the corporation has reacted promptly to the current uncertainty by shifting more of its reinsurance portfolio to the domestic market. This shift is expected to lead to improved results over the long term.

It is also important to note that without the reinsurance losses, the general insurance division would have recorded favourable results in the 1983-84 fiscal year, offering further evidence that MPIC enjoy widespread support in the general insurance market by providing much needed products and services to Manitobans.

Mr. Chairman, committee members, that concludes my statement on the 1983-84 financial results of the Manitoba Public Insurance Corporation.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Sigurdson.

We are now about to consider the report of the Manitoba Public Insurance Corporation. Shall we consider it page-by-page?

The Member for Minnedosa.

MR. D. BLAKE: Yes, thank you, Mr. Chairman. I thank the Minister and Mr. Sigurdson for the remarks and the overview that Mr. Sigurdson has provided to us this morning. We are pleased to see that Autopac has enjoyed another profitable year, and of course disappointed to see that the general insurance business which is in a competitive market has had a rather disastrous year.

Mr. Chairman, as I mentioned earlier, the corporation has appeared before the committee rather quickly. I was away on Friday and I found out yesterday about 2:00 o'clock that the corporation was going to be up this morning - I thought it was the Manitoba Telephone System - but that got switched around so we have had some bit of a rush in preparing some questions and whatnot and I hope the Chair will allow us some latitude in questioning because we won't be maybe in chronological order or any systematic order. I know some of my colleagues have some questions to ask pertaining to individual constituency problems and things of that nature that they may be bringing forth.

So just how we consider the statement in that light I don't know. We won't be able to do it page by page I don't think, because we'll be sort of all over the waterfront and then we can maybe get to the financial statements near the end of our questioning and pass it on that basis, if that would be acceptable to the committee and those that are here from the corporation to answer questions that myself and other members of the caucus might have.

R. CHAIRMAN: So what is the preference of the committee?

R. D. BLAKE: I would suggest Mr. Chairman, that committee members be allowed to ask just general questions and when we get all of that out of the way, then we can get to the report and probably pass it when we've had our questions answered.

R. CHAIRMAN: There appears to be no problems, so initially we shall consider only general questions as to policy and then we shall go to the report page by page.

Member for Minnedosa.

R. D. BLAKE: The first question, Mr. Chairman, that would like to ask is the cost of producing the financial statement, the glossy pictures that are quite impressive. Could the members of the corporation give the cost of producing that?

ON. J. BUCKLASCHUK: Mr. Chairperson, I'm advised at the cost of the production of the Annual Report is \$10.16 a copy. However, members of the committee would be aware that these are unlike the normal annual reports we receive for various departments, in that this is really a publication that is circulated world-round to various insurers, reinsurers, and so on. So in fact, we would hope that it would act as an effective public relations tool in addition to providing the information that is normally found in an annual statement.

R. D. BLAKE: The Minister didn't really answer all your question. How many copies were printed?

ON. J. BUCKLASCHUK: I am advised that 2,000 copies were printed.

R. D. BLAKE: Thank you, Mr. Chairman. Going to the overview of the remarks of the Chairman, the reserves, I just didn't keep up with them all, but I imagine all of the \$14.4 million, whatever the figure was, was placed in reserves. I wonder if you could bring me up-to-date on what the status of the reserves of the corporation are at this time, and if the auditor has commented on the satisfactory level, unsatisfactory level or excessive level, whatever it may be, of the reserves of the corporation.

R. CHAIRMAN: Mr. Laufer.

MR. C. LAUFER: The entire \$18.8 million of appropriated surplus for the year ending October 31, 1984, was distributed into appropriated retained earnings under the following headings.

We have reserves for catastrophes which were created by \$10 million, and now stand at \$38.5. We have reserves for contingencies which were increased by \$1 million, and now stand at \$6 million. Then the balance was appropriated to the rate stabilization fund which previously stood at \$9.599 million and currently stands at \$17.444 million.

So the change in position on appropriated retained earnings, 1983 over 1984, is \$43.099 million in 1983 and \$61.944 million in 1984, reviewed by the auditors

carefully and discussed and is entirely to their satisfaction.

MR. D. BLAKE: I suppose we could probably start some questioning on the general insurance business, Mr. Chairman. I wonder if the Minister or some of the staff could report on our position in the general insurance business. What was the largest reason for the loss recorded this year? Then we can maybe go into some other questions from there.

MR. C. LAUFER: The direct and agency business, which is a portion of the General Insurance Division, and constitutes that business that we market in the Manitoba marketplace in competition with the other insurance companies here, produced acceptable results, in that it was a break-even situation, given a very very tough marketplace. I can give you some statistics as to what happened nationally and internationally, if you wish to have them.

The problems that we encountered arose in what we call our Reinsurance Assumed area, which is also a portion of the General Insurance Division, and that is an inward flow of insurances placed by other companies throughout the world.

As you probably know, that when very large risks are undertaken, those risks are not assumable or affordable by a single insurance company even companies like Lloyd's of London or the Munich Re, or what have you. So portions of these large risks are seeded out throughout the world to various insurance companies. We pick up portions of that and that's our assumed portfolio.

The business that we're dealing with that has caused us some problems has been on our books since 1975, '76, '77 and '78, and because of various factors that have arisen in the world, the wide situation today, are developing losses that were really not forecast or expected. So the entire \$4.8 million loss of the General Insurance Division arose from that portfolio and is reflective of what is happening in the international reinsurance situation.

MR. D. BLAKE: Was there any particularly large loss that we suffered as a result of reinsurance under this portfolio?

MR. C. LAUFER: They don't necessarily fall into single-loss categories, while there are a few of those; they generally fall into treaties that may have wide-reaching results. One of our worst treaties is one that's called Pine Top, and it's a casualty treaty that in the early years had showed us some very nice surpluses. However, in the last two or two-and-a-half years has begun to deteriorate rather severely and is now showing us some very heavy losses. It's not just an individual loss, it's a group of losses and that's mostly casualty or liability business.

A MEMBER: A point of order.

MR. CHAIRMAN: A point of order is being raised.

A MEMBER: We have great difficulty hearing at this end of the table, I wonder if he could speak up a little, so we can hear.

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MR. D. BLAKE: Who are you having trouble hearing, me or Mr. Laufer?

A MEMBER: Mr. Laufer primarily.

MR. D. BLAKE: Oh, that's the important one.

What I'm primarily interested in, Mr. Chairman, it was the Brighton Hotel that was bombed extensively when Mrs. Thatcher was holding her convention there. Was this one of the losses that contributed to the Pine Top casualty treaty losses?

MR. C. LAUFER: No, I'm happy to say that we were not on the Brighton Hotel.

MR. D. BLAKE: Mr. Chairman, are we still reinsuring other companies that are in competition to our general insurance line and offering lines that may be broader coverage than what we're offering our agents under the general insurance?

MR. C. LAUFER: We have, through this vast network of reinsurance placements, and it is an intricate network that sometimes crosses lines, I think some small holdings in treaties that would come across the Manitoba marketplace as well.

MR. D. BLAKE: I wonder if Mr. Laufer could comment on what our results would have been if we had taken the reinsurance premiums and losses out of the picture. It's a profitable business, reinsurance, in most cases. If we had taken our reinsurance profits out of our financial statements, what would our picture have been?

MR. C. LAUFER: The General Insurance Division would have shown a breakeven position.

MR. D. BLAKE: I wonder if they could tell us how much Autopac's premium was under reinsurance; what percentage of our Autopac's premiums were reinsured?

MR. C. LAUFER: Okay, the area of reinsurance that you are dealing with now is what we call seeded reinsurance, which is opposed to assumed reinsurance. What, indeed, we do on the automobile side is, those areas and levels of risk that we can't afford to retain, because of the magnitude of the exposure, are seeded off into various international markets, primarily through Lloyd's of London, through the Munich, through SCOR in Paris, through the Folkshem (phonetic) in Sweden and through some of the Canadian companies as well. The premiums seeded off on that area would be approximately 1 percent of the premiums written.

MR. D. BLAKE: That seems reasonably low. There are some of them that are substantially higher than that in some other corporations.

MR. C. LAUFER: Yes, we are happy to say that we are enjoying a rather good position in the reinsurance marketplace. We have had much liaison with the underwriters and I think we have convinced them that Manitoba is a good place to pick up insurance from the primary carriers, particularly MPIC, and we enjoy rates that are probably, in some cases, one-third to

one-sixth that other companies may be paying for the same cover.

MR. D. BLAKE: Yes, I think Wawanesa is 1.8, one of the other really lower ones as far as percentage of reinsurance to premiums written is and, as we all know, that's a very successful company.

Mr. Chairman, some of my other colleagues have some questions about reinsurance, so we can turn it over to them.

MR. CHAIRMAN: The Member for River Heights.

MR. W. STEEN: Yes, Mr. Chairman, to Mr. Laufer. Did I hear you correctly when you said that it costs about 1 percent of premium for reinsurance and, if that is the statement you made, is that pertaining to the automobile section?

MR. C. LAUFER: Yes.

MR. W. STEEN: What is the cost of the reinsurance in the general section?

MR. C. LAUFER: The general insurance portfolio, the reinsurance costs are 10 percent of the written premiums.

MR. W. STEEN: Mr. Chairman, to Mr. Laufer. Did I hear you correctly when you said that it was the reinsurance aspect of the general insurance portion of your business that caused you the \$4.8 million loss on the general section?

MR. C. LAUFER: That's correct. It's the reinsurance assumed portion of the General Insurance Division that causes a loss. The premiums to which I referred, in answer to your question, are the seeded premiums, the outgoing premiums.

MR. W. STEEN: What would be the limits of insurance coverage that you would place that you would not reinsure, or at what point do you reinsure your general coverages?

MR. C. LAUFER: We have several types of protection that we buy. We buy a number of facultative covers which are done on an individual basis on large risks, such as, a large building or a large business; we buy general catastrophe cover in the event of storms or other catastrophes, such as, a large fire that spreads through many buildings and so on; we buy certain layers of protection for individual liability or casualty risks; we buy certain layers of protection for property risks, and they vary. We buy them in strips because we can get better premium advantages at various layers from different places in the world, so we shop that part of the business very actively. Our maximum retention on anything which would be on cat, I believe is a million dollars.

MR. W. STEEN: I would gather that MPIC will only insure properties within Manitoba under its General Insurance Division.

When you reinsure, are you obligated to, in return, or in turn, purchase reinsurance from other insurance companies for properties outside of Manitoba?

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MR. C. LAUFER: We only write property insurance in the Province of Manitoba, unless we are dealing with a Manitoba-based company that has a national or an international operation, in which case we are able to write the entire book. So we do have exposures in provinces other than Manitoba when we write a national company, Manitoba-based.

MR. W. STEEN: Mr. Chairman, to Mr. Laufer, will you buy reinsurance sections of properties outside of Manitoba from other insuring companies?

MR. C. LAUFER: We buy reinsurance protection on the entire book of business when we are dealing with a reinsurer. We show him what the book is at the particular time that we are dealing with the renewal or the acquisition of a treaty, and we give forecasts as to what we believe will be the development of that book over the course of the treaty.

As you can appreciate, a treaty written on Day One with a certain number of risks in it can change significantly by the end of the year, and the treaty doesn't add those risks risk-by-risk, it's written as a blanket sort of policy to deal with all the situations that arise over the course of the treaty year. That would include any properties or exposures, liability-wise, outside of the province as well.

Certainly, on the assumed side, we pick up portions of books of business that may be written on a national basis; indeed, a U.S. basis or an international basis.

MR. W. STEEN: Mr. Chairman, to Mr. Laufer. What percentage of Manitoba's general insurance business is written by MPIC, the total business that is placed in the province?

MR. C. LAUFER: At the present time, MPIC has 14 to 16 percent of the market share, which I believe places us very close to No. 1, probably No. 2 behind Wawanesa.

MR. W. STEEN: That's fine for now.

MR. CHAIRMAN: The Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Chairman. My first question is, and there always seems to be some confusion in this, what classification should an MLA be in on his registration card? Should he be all-purpose? Should he be pleasure? Should he be business? It's something that seems to come up continuously. I had to have a windshield replaced in my car and they asked me, well, when did this happen? I said while I was driving to the Legislature. — (Interjection) — He was beginning to wonder. Well, have you got the right classification?

So finally the determination that this chap made was that it was okay for me to drive from my home to the Legislature and that all-purpose would be fine. But when I drive from my apartment to the Legislature, I would not be covered under all-purpose. Now that again didn't make sense.

I would like to hear what Mr. Laufer has to say about this. What classification should we be in?

MR. C. LAUFER: If you have an all-purpose cover, which I assume that you have, driving from your home

to your place of work which is the Legislative Building or your constituency office or places like that, all-purpose cover would suffice.

If you are selling magazines on the side and you're driving more than 1,000 miles a year doing that or some other occupation such as that, then business insurance would be required.

MR. A. BROWN: Okay, what about the fact that for part of our mileage at least we receive remuneration? We receive a travel allowance for part of the mileage that we drive. Does that come into effect?

MR. C. LAUFER: The compensation that you receive for the operation of your vehicle does not affect the cover change between all-purpose and business.

MR. A. BROWN: From what I understand then, Mr. Chairman, it's all right for us to have all-purpose licences, because most of us do have all-purpose licences. So that would be sufficient, unless we sell beans on the way.

MR. C. LAUFER: That is correct.

MR. A. BROWN: Thank you. My next question is, Mr. Chairman, that one of the areas of concern which are expressed by constituents is that the process of arbitration that we have at the present time, if somebody is not pleased with the settlement of the claim then he can take this to arbitration, but it's the same group of people who do the arbitrating who made the decision in the first place and they're rather unhappy about that.

I wonder if the MPIC has given serious consideration to have an independent to do the arbitration because, Mr. Chairman, the people who are not satisfied with the claims feel that these people have a vested interest that are settling the claims now, to uphold the ruling which would have been made in the first place.

MR. C. LAUFER: The arbitration procedure, as was originally set up, was set up in an effort to mitigate the costs of any dispute that might arise between the corporation and the owner of the vehicle. I think it's a fair and an equitable system if, like anything else, it's given the proper operating rules.

We try to counsel the insured to some extent or to the extent that we can as to how this procedure ought to take place.

First of all, when the adjuster and/or the supervisor or the claims centre manager has reached the point where they feel they can offer no more for a given vehicle and there is still a fairly substantial disparity of opinion between what it's worth between that offer and that of the owner, the arbitration procedure is put into place.

We do not use anyone that was involved in the arrival of the final offer of the corporation in the arbitration procedure. That's strictly avoided.

We select from a group of people that we've come to know over the years who have expertise in evaluating automobiles and these are usually people from the industry, from the dealerships, from the trade.

We try to counsel an insured or a vehicle owner to seek similar professional help as his nominee to the

arbitration committee. If he does that, if he gets a person from the trade and we offer to allow him to view any list of those qualified people that we know of to make a selection from, but if he elects to get a professional, usually the two of them can get together, they view the vehicle together, and can come to a conclusion.

There is the odd time when even those two can't agree, and the two of them then get together and they select a third person who acts as the umpire. The umpire and one of the two other parties can reach an agreement, and that is binding. If there is still a dispute between the three of them, the umpire can make the decision on his own.

What does happen from time to time which causes some confusion is that the insured will, rather than get a qualified professional to do an appraisal, will get his brother-in-law or his uncle or somebody else, and that person will come in and say, yeah, this car is worth 10 times more than you're asking for it, and we get a complete impasse. Even then when the umpire is appointed, the person representing the claimant feels hard done by because the thing comes down at a value that is nowhere near what they're looking for. So we do have problems like that with it.

We have, in the last three or four months now, begun to review the whole process to see if there might be a more concise way of doing it. We haven't come up with any real answers as yet, but we'll be continuing to work on that.

MR. CHAIRMAN: The Member for Swan River.

MR. D. GOURLAY: Thank you, Mr. Chairman. With respect to the type of insurance that an MLA should be covered, I checked into this concern this current licensing year. My agent advised me that I should have business insurance on it, and he checked with the office in Brandon. He was advised that if we were using our vehicles for over 1,000 miles a year and claiming mileage, that it was imperative that we have business insurance on our vehicles. I only had all-purpose up until this year, so I've changed it to business insurance which is considerably more money for business insurance, as you can appreciate.

You indicated that all-purpose is suffice for MLAs.

MR. C. LAUFER: If the travelling that you're doing can be equated to going to and from work, in other words, if you're coming in to the Legislative Buildings or you're going to your constituency office, that's where the confusion might arise. Someone may be counting that as business mileage. It is not business mileage when you're travelling to and from work. If you're doing extensive constituency work and running a whole bunch of miles up that way, that could reasonably be construed as business mileage too, if you're doing an awful lot of that. But if you're running under 1,000 miles on actual constituency work and the rest of the mileage related to your work as an MLA is driving in here to your job or to your constituency office that shouldn't be counted in that 1,000 miles.

MR. D. GOURLAY: You seem to put bearing on the number of miles travelled, and because I live in Swan River, it does amount up to a lot of miles in the course

of a year, but strictly it's just getting to and from my constituency to the Legislature. So it would be proper for me to have all-purpose rather than business insurance?

MR. C. LAUFER: If that is where the mileage is being run up, to come back and forth here, then all-purpose insurance is all that you require.

MR. D. GOURLAY: Now, with respect to claims offices throughout Manitoba, I notice there are six listed here. Do they differ from one location to another or are they basically the same kind of claims offices? Maybe I could add a little more. In the case of Swan River, we have two adjusters there, but we don't have an estimator and I'm just wondering, do all the claims officers just have adjusters or are estimators located in specific areas of the province.

MR. C. LAUFER: The offices, very generally, we've been trying over the last five or six years to upgrade the level of service and the quality of service in the rural areas and, by and large, we have estimating personnel available in most rural areas now, a good percentage of them have estimators that are on site. The areas where the volume of claims is low, it is still difficult to economically justify an on-staff estimator at the site. Swan River, I believe, has an estimator coming in from either Thompson or The Pas — (Interjection — coming in from Dauphin to do the estimating of the more serious losses. The smaller ones are done by the staff adjusters.

MR. D. GOURLAY: How is the determination made when will an estimator be called in to estimate or when will an adjuster be allowed to handle the claim? Where's the cutoff there?

MR. C. LAUFER: We don't have a rigid cutoff. The estimator travels into Swan River on a weekly basis and, again, if you have something that is of an urgent nature, the adjuster may go ahead and authorize certain types of repairs and the estimator will have a look at it in progress so that we don't hold up the claimant. Generally losses of \$500 or so should readily be handled by an adjuster, and, as I say, those things that require immediate attention he'll give authority to, to begin the repairs, and then the estimator will check it out to be sure that everything is in order. Certainly he'll do the route of the garages and estimate those vehicles that are there which the adjuster hasn't looked after.

MR. D. GOURLAY: Is it possible for an adjuster to move up to be an estimator and, if so, what additional training or what would he have to go through to be able to change his status?

MR. C. LAUFER: Generally, the adjusters don't go that route. We're bringing people in as estimators who are journeymen autobody repair mechanics having received the proper training in Red River Community College, or like institutions, having served the proper apprenticeship on the benches. Usually the people who we choose are people who have risen in the trade to foremen or shop supervisors or the like. Those are the

kinds of people whom we are looking for and those are the type of people generally who are hired.

The road adjusters are given certain types of in-house training. At the present time, we have a program in place called ICAR, which deals with the newer type of construction of the alphabet cars - the K-cars, the A-cars, the X-cars - those various vehicles that don't have normal frames in their construction, and there is a special repair technique so we're running all the estimators and a goodly number of our road adjusters through this training program in order to update them to those technologies.

We have had specialized courses in frame repairs and things like that for the estimating and adjusting staff. We bring them up-to-date from time to time on any advances in technology such as plastic welding of bumpers, and different types of repair for the fibreglass that's appearing more and more on vehicles. The adjusters, generally, when they're looking to advance, would go through the adjuster to examine and supervise a route as opposed to moving over into the estimating group. It's a better career path for them.

MR. D. GOURLAY: I'll move onto another area. Where a claim is the result of fire to a vehicle, it appears that it takes an extremely long time to settle those particular claims. I'm just wondering what the reason for that would be.

MR. C. LAUFER: As you probably know, vehicles of themselves do not normally burn to a crisp. There is a lot of fire-retardant material in them. For instance, if a fire starts under the hood, you have a substantial fire wall that's there to restrict the fire to the hood compartment and so on.

So when we have a fire that does more than what normally could be expected of it to do, we attempt to look for the cause, and naturally having some 400 or 500 adjusters, we can't have all of them expert in dealing with incendiary losses. So we have a special department which we call our SIU who have been trained in the past before we hired them in areas of fire investigation. The investigation itself often takes a long time. It requires sifting through the burned-out vehicle, sending material away for testing for presence of accelerants or other materials not normally found in a vehicle. It entails a very detailed inspection of the vehicle for such things as disconnected gas lines backfiring through the carburetor, missing gas caps, any number of things that may show some contributing factor to the fire.

All of those things have to be then co-ordinated with the investigations done by the fire department and the Fire Commissioner's Office. The result is then analyzed and some conclusions reached. If the physical evidence shows that there was an accelerant of some kind involved in the fire, then further investigation has to be made as to how this came about. Oftentimes, that involves contacting a lot of people, doing a lot of backtracking and doing a lot of interviews of the owners in order to determine either the legitimacy or the fraudulentness of the claim, and that's why they take so long.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman. I have a number of issues I'd like to raise today. The first one

is with regard to the MPIC attitude to some legislative changes which would force them to pay interest on outstanding claims that are not settled, in other words disputed claims, that are not settled within a 30-day period. It would be primarily aimed at the disputes that erupt when a farmer loses a hog barn or loses a dairy barn or when a small entrepreneur loses a place of business.

I say that, because I know from personal experience over the last number of years, there are some people who, when they lose their only means of support and then have a claim dragged on for one reason or another, they then are put in the position of not having any income, still carrying fairly heavy mortgages on that particular piece of property which now, of course, isn't bringing them any return, and as a result are put in the position of having to, I think, sometimes maybe settle a little quicker than they should. This is not aimed only at MPIC. This, of course, would include all the general insurance people that are doing fire and theft.

I am wondering if MPIC has done any studies, any work on this at all as far as to the ramifications that it would have with regard to the settling of claims and to the general rates charged within the system right now.

MR. C. LAUFER: We're certainly aware of the problem that you have raised. We haven't done any specific studies on it. It is something, I believe, that would have to be tackled by an industry group to see what the overall impact would be.

In most cases, I would like to say that, given a hog barn or that type of small business being destroyed or put out of business because of a fire, we give that a very high priority, and we work on it very quickly to establish the cause of the loss and if it's straightforward, we get those settlement cheques out fast.

Sometimes there is a question. Sometimes we just don't know what caused the loss, and we have to get some experts in to check it out, electrical or otherwise and they're not always readily available. So those kind of delays which you mentioned can occur.

To calculate what the impact would be by adding interest to the settlement from the date of loss would be a little bit difficult. I think, as you say, also that cost would then have to be calculated in the overall loss experience and added back into the premium to be picked up by future insureds.

MR. R. BANMAN: I guess what I would recommend, Mr. Chairman, is not as date of loss, allow for a 30-day time period like we all have to pay our invoices that we receive from different companies. But after that period if there is a large amount of money that a person has to have in order to make payments or go ahead and make a living, I think it would be only reasonable, as you mentioned, the cost might not be that big. But I know from some people who have had, because maybe an inspector from the Fire Commissioner's office isn't quite sure and maybe a local fire chief isn't quite sure and is very cautious that they don't want to make any mistakes, something can be held up for two or three months, four months, and the anxiety that these people go through knowing that they have not done anything wrong, but the bureaucratic system has to be gone

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through. If there at least was some assurance that they would not lose everything, then I think that that peace of mind to these people would be worth a lot.

I know a colleague of mine, the Member for St. Norbert, is contemplating bringing in a Private Members' Bill which would see all insurance companies having to live under that type of guideline. Of course, that wouldn't put anybody at a competitive disadvantage because the cost of that would have to be borne right across by everybody paying. So, I say I think that's something we should all be looking at and working with.

The other question I raised during the Department of Highways Estimates under the Motor Vehicle Branch, I raised several questions dealing with the problem of salvage vehicles which are being sold to private individuals, and are then being repaired at home in the garage and then being sold privately again to some unsuspecting consumer, and that vehicle never having to go through a motor vehicle testing station. I have no argument with MPIC conducting the auctions the way they are, but I think because we do not require all motor vehicles in the Province of Manitoba to have safety certificates when they are registered, there is a real loophole here.

I know from personal experience, I had a young girl who bought an almost-new car, I think there was about 4,000 kilometres on it. It was bought through the salvage, taken home by an individual, repaired in the back shop, in his backyard, then put an ad in the paper, sold it to this person at nighttime - she didn't know - she thought she was getting a good deal. Two weeks later she finds out she's bought an Autopac write-off - it was a front-wheel drive car - that hadn't been lined up properly or anything because when she went to register it, it didn't require a safe motor vehicle certificate.

I'm wondering if Autopac couldn't work out some kind of a system where before that car is registered - if it goes through a registered dealer then of course that dealer has to provide a certificate - isn't there some system, when either a wrecker or somebody is buying that car, that those people then will have to have a safe motor vehicle certificate with that car? Because otherwise not only from a safety standpoint - we're getting cars on the road that are very unsafe - but also from a consumer protection standpoint I think these people should be protected, and we should not allow a loophole in our law right now to have these cars come on to the highway unless they have been fixed properly and we are assured that they are in good repair.

MR. C. LAUFER: We certainly share your concerns in that regard. We have been working closely with the Motor Vehicle Branch in an effort to develop some kind of system that would capture those cars.

As you know, when they're sold on the auction, even though the car may be a stolen vehicle recovered in good condition, those cars are sold with a non-safe vehicle certificate which specifically says that the car can't be put back on the road and registered without going through a safety check.

We make the Motor Vehicle Branch aware by a listing of all the vehicles that we sell by auction in that fashion;

and if the person who purchases the car from the salvage compound tries to register it, it automatically comes up on the machinery and the car is called in for an inspection.

However, the situation such as happened to the person that you know is the one that eludes us. If the original purchaser from MPIC salvage does not re-register the car, in other words, he sells it to another party before it comes back into the registration area, we lose track of it and we can't get a hit on the machinery. It can very well get registered without going through or having a recall for an inspection.

I might say that given the concern that we have, and I'm sure the motor dealers and a number of people have brought it to our attention, we've kept a fairly close eye on what's happening and I'm relieved to say, that to the best of my knowledge we haven't had a repeat accident on a car that's come out of the auction, repaired and put back on the road, where we can pinpoint the accident to improper repair of the vehicle. So we're thankful for that. That's not to say that it can't happen in the future. But so far, we haven't had any experience like that.

We're continuing to work to see if we can perfect a method of ensuring that when those cars leave us, we can keep track of them until such time as they are registered again and make sure that we can get them safety checked. But it is tough.

MR. B. BANMAN: The difficulty we have, and you put your finger on it, what happens even I as a motor dealer, when I sell a car, I can sell a car to my colleague, the Member for Turtle Mountain, which is absolutely not roadworthy, and he can turn around and sell it to another colleague here. I can sell it to him unsafe, give him an unsafe vehicle sticker, so he can't register it. But he turns around and sells it to the Member for Kirkfield Park who goes down to a local Autopac agent and there is nothing to stop her from registering it and you can have a car, which is totally unsafe, hit the road without ever having to pass through a safe motor vehicle sticker; and you identified one of the problems.

Somebody can buy a salvaged car, and is not allowed to register it, but can sell it to his brother or a friend for a dollar and that person right after they've bought it, can put plates on it and drive it down the road. I think there's a real loophole here which should be addressed because we're introducing new legislation, like seat-belt legislation and all these things for safety reasons, and here we can put motor vehicles on the road without ever having to pass through any inspection.

So I hope that the Public Insurance Corporation, along with the Motor Vehicle Branch, can come up with some kind of system which would ensure that these cars at least somewhere along the line, are safety checked before they hit the road.

The other question I'd like to ask, is whether the corporation has done any research on the effect of raising the drinking age from the present 18 to 19, 20 or 21. There have been some very extensive studies done in the States, and of course we see now that a lot of the Federal Government in the United States has told the States, that if they're not going to raise their drinking age to 21, they've encumbered certain road-building funds which now have been an incentive for

all the States to raise their drinking age. When you read some of the statistical information that comes out with regard to drinking and driving and the accident rate and claims that are related to the younger drinking age, it's pretty shocking and I wonder if the corporation has done any assessment as to what the effect would be on raising the drinking age.

MR. C. LAUFER: We haven't done specific studies by age group on drinking and driving. We have during the course of our work on safety uncovered some statistics much along the line of those which you mention, which certainly indicates that in the serious accidents among the young drivers the percentage of time that alcohol is involved, is substantial.

MR. R. BANMAN: I'm going to ask an unfair question here maybe, but I think many of us would be interested in the answer. Does the corporation feel that if the drinking age was raised, that it would have a positive impact on the rate structure in this province?

HON. J. BUCKLASCHUK: Perhaps I could respond to that. I don't know that the corporation is in the position to respond to that when they haven't done the necessary research. Just apropos to the comments that the member made previous to Mr. Laufer's response, I, too, have read considerable literature on the issue of young drivers' drinking and I think to a large extent, the Member for La Verendrye would agree, there's a matter of interpretation. It's not quite as conclusive as many reports would lead us to believe.

While I agree there are many organizations or associations that see that as being the panacea, the reality is that simply by raising the drinking age does not necessarily mean that it won't take place; it then just becomes illegal rather than legal.

But we are well aware though - and we shouldn't zero in on just young people - the fact is that drinking is a very serious concern. That's why the corporation last year participated in our drinking and driving advertising campaign. It's of major concern.

MR. R. BANMAN: Well, Mr. Chairman, let me tell the Minister and I know this is a political problem and not one that the corporation will deal with. But I suggest to you that if we would raise the drinking age, from all the statistical information available, that you would see not only the accidents rate drop in that age group, we would also see a substantial reduction in some of those areas as far as the premiums are concerned.

One of the problems we had here, Mr. Chairman, is that the government is adopting an ALERT Program which we all are happy for, they are trying to reduce the number of people that are driving and drinking at the same time. We have identified - and the United States has done the studies and our sister provinces have done some studies - to indicate clearly that the raising of the drinking age does reduce the accidents and the fatalities in that age group.

We had introduced seat-belt legislation to make the roads safer, to try and reduce the injuries to people and I cannot see how the Minister in charge of Manitoba Public Insurance Corporation cannot get up here today and tell us that, yes, he is in favour of raising the drinking

age because it will do a number of the things that the government is talking about promoting; and that is to try and get the driving-drinker off the road and reduce the fatalities on our roads; and, Mr. Chairman, as Minister of Public Insurance, he might even be able to lower the rates a little bit. If they decide not to call the election this year maybe he can announce another rate decrease before they do call the election.

So I say to the Minister, I don't think this is something that should be taken lightly. I believe there is a time now for them to move. The statistical information is available and I suggest to him if it might be on any other issue, he would jump on it. But I would ask him to seriously review it, to ask the Manitoba Public Insurance Corporation to do a study and compile the statistical information that is available from other jurisdictions and then provide us with that document.

If, Mr. Chairman, we can save - the Member for Kirkfield Park says one life - but if we can really reduce the amount of drunk drivers on the highways by instituting a simple legislative change that will basically not affect the lives of anyone, we all know from personal experience when the drinking age was 21 - and I am dating myself - that really it was 18 because everybody that was 18 was trying to get in. Really, what we have done . . .

MR. CHAIRMAN: Order please. If members want some some conversations to take place, they can go out in the hallway.

MR. R. BANMAN: . . . is we have brought it into the high schools and, of course, those are the . . .

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Really what we have done is we brought it from 18, where it was when we were at 21, and we have brought it to 15 and 16, and those are the new drivers who are having a hard enough time adjusting to that freedom that the driver's licence gives them and you mix alcohol in with it and you've got a problem.

So I say to the Minister that if it means more safety on the roads, if we can get some people off the roads who shouldn't be on the roads because they are over the .08 or are involved with excess use of alcohol while they are driving, I think everything should be done to try and accommodate that. I suggest to the Minister that he move on that and as quickly as possible. Barring that, I hope he supports a private members' resolution should one come in.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman. Following on the line of questioning developed by the Member for La Verendrye, I am wondering if the insurance corporation - they have conducted studies as to the savings that have been brought forward since the use, the advent of seat belts.

I look on Page 16 and I see where Claims Costs incurred within the Automobile Division have increased roughly \$4 million. I guess I am searching for a further in-detail breakout as to how bodily injure reclaims, or

specific claims associated with accidents, what experience they have gone through over the last year since seat belts have come into place.

MR. C. LAUFER: The numbers alone, if you look at them, and those numbers that you are looking at are dollars, don't tell the story accurately. There certainly is an increase in Claims Costs attributable to two things. Inflation, as you know, there is an impact on the cost of repairing automobiles, the cost of labour of doing so and all the peripheral costs with that. There is also an upward pressure on settlements of bodily injury claims. So the same injury that was settled a year ago costs more to settle today.

The other thing that one must look at is what is happened in frequency. We found that 1984 over 1983 saw an increase in claim frequency of over 6 percent. Now, even given all of those factors of more claims and greater costs, you see a very small increase in the dollar cost of the claim. I think that can be attributed to a large extent because there are fewer injuries. The statistics that are required to really quantify that accurately are not available because, as you know, I think I mentioned last year, we were only beginning to collect statistics for comparative purposes this past year. We could only make a sort of a broad-brush comparison against what happened the year prior because we didn't have systems set up to analyze each type of injury one against the other that would give you the kind of information that you require. Next year we will have that and be able to demonstrate what kind of savings that we're effecting in that area.

If you look on Page 12, you will see that the no-fault accident benefits in the bar chart in 1983 cost the corporation, as a percentage of its total expenditure, 5.5 percent; and in 1984 only 4.2 percent, given even the fact that there was a 6 percent increase in claims. Now that might give you a little better idea. The accident benefits were 5.7 percent reduced to 5.3 percent. So something is happening the right way, but to actually quantify it specifically is most difficult at this time.

MR. C. MANNESS: Well, Mr. Chairman, I thank Mr. Laufer for his explanation and I certainly accept it. I suppose you could make one come to the conclusion, and I can understand why the department and certainly the Government of the Day would want to see continued the analysis within that area.

But I would then ask the Minister why he would not initiate some similar analysis with respect to the drinking age between 18 and 21 as requested by my colleague? Quite obviously there may be further potential through some type of change within legislation that improve the same situation; it seems to be improving because of the advent of seat belts.

I would ask the Minister whether it's his intentions to give a direction to MPIC to initiate the studies that would, in a Manitoba experience, try to cast some conclusive light on this problem of young drivers drinking?

HON. J. BUCKLASCHUK: I am not in disagreement that there may well be a problem with young drivers drinking. What I did say, though, and while there is considerable evidence to that effect in other

jurisdictions, there is also evidence that the magnitude is not necessarily as large as some people would believe it. By simply raising the age, as the Member for La Verendrye has requested, to 21 does not mean that the consumption of alcohol will necessarily decrease. That's rather a simplistic viewpoint of the problem.

As a matter of fact, I know there are some associations or organizations in Manitoba that are very close to the issues of traffic safety do not necessarily support an increase in the drinking age. That is certainly something that we could take a look at, and we are addressing it to some extent through our ALIVE campaign through our advertising of drinking and driving.

It doesn't really matter whether the person is 19 or whether the person is 39, the driver who is drinking is still a hazard on a highway, and we should do whatever we can to decrease that incidence.

MR. C. MANNESS: Mr. Chairman, the Minister indicates that it's not a simplistic matter. You just can't read, at least into the results that he has seen present in the reports that he has read, a conclusive type of answer. I accept that, but why would he not and why would he not have before this time have issued instruction to MPIC to develop some Manitoba research with respect to this question?

I realize there are parties within society who, of course would be opposed to increasing the drinking age beyond 18, but why is it that he is reluctant up to this point in time to ask MPIC to use their wealth of experience and statistics to try and determine on the Manitoba experience a logical set of statistics that will try and help us along this area of discussion?

HON. J. BUCKLASCHUK: In response to the Member for Morris, it's not a question of a reluctance, it's a question of my not having seen this as being a priority. Certainly I will take the views expressed by the member of this committee into consideration, and we may we ask MPIC to do a detailed study on this issue.

MR. C. MANNESS: Associated with this, Mr. Chairman you were in committee the other night when I pose several questions to the Minister of Transportation with respect to the accident statistic rate over 1984 since the implementation of the seat-belt law. I'm wondering whether this particular Minister and MPIC have had a opportunity to review an article and a statement presented by one Mr. John Martens from Sanford Manitoba, who has compiled a fair amount of information and who has reached certain conclusion with respect to the seat-belt law.

I'm wondering if the Minister in charge has had a opportunity to peruse this statement which I think we left with his colleague, the Minister of Transportation and whether he has forwarded it to MPIC for the consideration.

HON. J. BUCKLASCHUK: I'm aware of that correspondence, but I have not had that forwarded to me for further review. I presume that the Minister of Highways and Transportation is having his staff look at it, but it's not been sent on to me. It may well be that it will work its way through to the corporation

through the Department of Highways and Transportation.

MR. C. MANNESS: Mr. Chairman, then on that basis I really can't present any more questions to the Minister with respect to this area.

Moving to a more general area, could the Insurance Corporation tell us what the experience has been now with front-wheel drive cars that are involved in accidents? Obviously, the premium rate reflects what may be the additional cost of repairs associated with these cars that are involved in accidents. Is there any clear indication as to front-wheel drive vehicles, or is all the evidence in and the conclusions now reflected in the existing rate schedule?

MR. C. LAUFER: The evidence isn't all in. We have been keeping a fairly close eye on it, because of some of the obvious things that happen with front-wheel drive vehicles. A lot of the components at the front of the vehicle are plastic, fibreglas, etc. There is a lot of aluminum used in the engines and sometimes the transmissions and parts of the drive train. In very cold weather, front-end collisions can cause more extensive damage than might ordinarily be expected from a rear-wheel drive car.

However, the last information statistically that we had on it was that the cars are still operating within the loss ratio designed around the premium that they pay. Surprisingly to this point in time, the costs of repairing them are not significantly greater than the rear-wheel drive cars. That goes contrary to what I would have thought but to this point in time the costs are comparable.

MR. C. MANNESS: Mr. Chairman, I would like to ask a question with respect to windshields. What roughly percent of the claim costs are associated with windshield repair, particularly in rural areas where, of course, because of gravel roads there would have to be a high incidence of this type of damage? What is happening within the area of windshield claims and windshield repair?

MR. C. LAUFER: When you're referring to windshield repairs, are you referring to the actual repair of a damaged windshield as opposed to replacement of that windshield?

MR. C. MANNESS: That's right, the replacement due to stone damage particularly.

MR. C. LAUFER: We do two things. We have a program where repairs are actually carried out to damaged windshields without replacement, if the damage is not too severe. If it's a light chip, you know, half-moon, things like that, there are repair techniques available that will preserve that windshield and remove the blemish so that it's not noticeable or create any impairment to vision. Those more severely damaged, we replace.

The cost of windshield replacements as opposed to our overall claim payments is about something in excess of \$1 million worth of windshields a year. We spend about, I believe, \$67 million to \$69 million on other

repairs. When I say 67 to 69, that would include that million dollars for it.

MR. C. MANNESS: Well, I'm glad to hear that. It's putting into perspective those numbers. I wasn't aware of that.

Changing the subject, Mr. Chairman, I have had a couple of situations now, a couple of constituents who had new vehicles, let's say, within the period of half-a-year totally destroyed by fire. Of course, they weren't upset with the claim as such that they received from Autopac. Their greater concern was with respect to the sales tax that they had paid on a new vehicle and then, of course, finding that nowhere was that insured, that portion of the costs, and then having to buy a new vehicle shortly afterwards and directing another \$1,000 toward it. Is any part of sales tax covered within the existing act? If not, is there any discussion being given to looking at situations that might call for some support in this area?

MR. C. LAUFER: The sales tax is paid in full in the claims settlement. If a new vehicle is purchased by an individual, they pay sales tax on whatever the retail price of that vehicle is, say, it's a \$10,000 vehicle. Driving it perhaps for a year, nine, 10 months, 14 months, the car is destroyed by fire, it now has a value some 20 percent to 30 percent less than the original price. So the settlement would come in, say, \$7,000 or \$8,000.00. On that \$7,000 or \$8,000 which is deemed to be the actual cash value of the vehicle is added 6 percent sales tax which is shown on the proof of loss document and is paid to the individual.

Sometimes I think the individual feels that the settlement they get, which includes, say, another \$600 for sales tax or \$500 is the full amount that they received for their car. I have had a couple of inquiries of that nature, and then when we went back over it with the insured, they said, oh yeah, I realize now that the sales tax was put in there, I just overlooked it. Our adjusting staff is cautioned to ensure that the insured understands that the sales tax is being paid.

MR. C. MANNESS: Mr. Chairman, I thank Mr. Laufer for that clarification.

MR. CHAIRMAN: The Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman. I thought I'd follow up on a couple of questions that I raised last year, and this is in relation to the vehicles that we are losing probably still the most money on and I want to see if that is still true, and to see what kind of ratio we are losing funds on these vehicles.

No. 1, I believe farm trucks are probably still one of the largest loss leaders, if you could call it that; four-wheel drives, and unfortunately I don't understand why both of these categories have such low insurance premiums when they have such high damage statistics behind them and such a poor record of paying for themselves.

The other category is motorcycles. I believe last year — (Interjection) — no, farmers get a lot of benefits that other people don't get, I guess, and this is one area that I wonder about. It's not a lack of support of

farmers. Farmers, I think, don't want subsidies. You people are the ones that say that the farm community is the one that's against subsidies the most and they want to stand up and hold their heads proud.

I would like to know if Mr. Laufer could give us the loss ratios for motorcycles, four-wheel drives and farm trucks, and if there are any other categories such as those which have high-loss ratios on them. Hopefully, it has turned around since last year. But last year the only number I got was for motorcycles and they said for every dollar's worth of premiums, there's about \$1.80 worth of claims. I am wondering if that is still the case, and what the ratios would be for four-wheel drives and farm trucks.

MR. C. LAUFER: Last year, as you recall, we made some specific adjustments on those classes which has improved the loss ratio somewhat. I think at that time, in response to your question, I also pointed out that it was a long rather than a short-term solution, and that we would be adjusting those categories over a period of four or five years, not necessarily each year in a row, in order to bring them more in line with the risks that they pose to the system.

So I can say broadly that, yes, there has been an improvement as a result of last year's additional premium in those areas. I don't expect that there will be an improvement this year because we made no special adjustments in those areas this year.

MR. D. SCOTT: Would it be possible for you to send a note around or something to give us the loss categories? I don't expect you have it with you today.

MR. C. LAUFER: Yes, normally I would have had it with me, but I didn't think the question would come up. So I didn't bring it.

MR. D. SCOTT: I'll raise it every year, Mr. Laufer.

MR. C. LAUFER: Okay, so we'll have it with us every year, but I'll make that available to you indeed.

MR. D. SCOTT: On the motorcycle part in particular, you often hear people raising questions as whether or not they should be covered as a requirement of compulsory collision insurance on them, and whether it would be feasible for motorcycles in particular to drop the theft, or at least to have the option for the person to drop purchase of theft insurance, which I understand to be one of the major reasons for the losses, so the motorcycle driving public themselves can decide whether they want the additional coverage. It would, I believe, cut down dramatically on our losses at the same time without necessarily having a great impact on rates.

I'm wondering if that has been reviewed by the corporation, if it would be possible, I guess, No. 1, to drop the theft in motorcycles and have that as an option they would purchase on their insurance, and the same thing with collision.

On the collision, I am cognizant to some extent that the litigation charges may be higher than for proof of an accident where they were involved with another vehicle in an accident, in other words, if a car runs

into a bike or vice versa where both are insured with collision, there isn't the same litigation that one has if one was covered for the collision and the other not covered for collision.

I'm wondering if you could give us some idea of whether those avenues have been pursued.

MR. C. LAUFER: Okay, on the first question that you raised, the compulsory part of the motorcycle package entails collision only, and third party liability, and no-fault accident benefits. It does not include fire and theft, comprehensive or passenger hazard. Those latter coverages are all available on an optional basis through our Brandon office and through any of the other private insurers that write that coverage in Manitoba.

The question as to whether collision coverage could be freed up, certainly it could. I think it would do a bit of a disservice to the no-fault aspect of the insurance plan as it's put into place. As you know, for physical damage coverage there is a minimum of litigation involved in trying to establish who should pay what. Everybody gets paid in excess of their deductible and if there are other insurers involved, it's just a small squabble over how the deductible portions will be paid out to each party, and that's the end of it.

If you remove the collision coverage, you enter into a whole area of tort that could extend, you know, into many thousands of dollars which the bikes are now worth, and cause unnecessary legal costs, unnecessary delays and certainly complicate the system a lot more.

So I think what we have in place for the motorcycles list is the best of both worlds. They have a good comprehensive package where, if they're involved with another vehicle, things are settled cleanly and quickly. For those areas of coverage that don't involve other people, fire, theft, comprehensive, they can elect to buy them or not buy them. Of course, then they can elect to protect themselves against third-party injury claims to the extent they wish over and above the basic cover as well.

MR. D. SCOTT: So what you are saying then, if we did away with collision on motorcycles, the premiums instead of going down would likely overall rise, because of legal costs incurred in litigation.

MR. C. LAUFER: I think that there would be some pressure on the costs of settling those claims because of that. Certainly there are some economies of scale to be gained when you write them all, as opposed to some people write some and others write others the pressure on the costs would certainly be upward.

I think you're probably aware that the cost of motorcycle insurance in Manitoba is a real bargain compared to other jurisdictions.

MR. D. SCOTT: Mr. Chairman, we have some comparable data on cars and automobiles. We don't have anything between Manitoba and other provinces. We are remarkably low compared to most other jurisdictions, especially for younger-age drivers, those under the age of 25 for males and 24 for females. I'd certainly like to extend congratulations to the firm or the good management of being able to maintain these lower rates and not have such an incredible penalty that one has in other jurisdictions against young people

Just to compare, in Winnipeg, for a Volkswagon Rabbit 1982, a two-door Rabbit in Winnipeg, it's \$526 for a male under age 25 and the same in Toronto is almost three times that, at \$1,467.00. In Kenora, just 100 miles from here, it's more than three times that, it's at almost \$1,700.00. In Northern Alberta it's \$1,600, which is almost four times what it would be in Dauphin for a similar, comparable jurisdiction. When one looks at our rates compared to other provinces, for all categories, they are significantly lower than other provinces, especially these sectors that have — (Interjection) — private insurance.

No, the Member for Morris says are they loss leaders? I'd say no, it proves that insurance companies can be offered or can be run to offer general insurance or automobile insurance both to younger drivers and older drivers, drivers at age 25 and older, at substantially less than is being charged in other jurisdictions. It shows and proves the worth of public automobile insurance and it proves the logic of public automobile insurance. Every province that has public insurance has lower rates than provinces without out it, with the possible exception - I don't have stats yet on B.C., because they've done their darnedest to try and destroy the public insurance system through their administration in British Columbia.

Could we get some stats as well to compare motorcycle registration fees in Manitoba compared to other jurisdictions? It would be quite helpful for us in responding to concerns raised to us by members of the public.

MR. C. LAUFER: We'll certainly attempt to get that for you. The difficulty that we will have is to get representative premiums because motorcycles written by the private sector are underwritten very very carefully. The select groups, the groups that are trouble free and so on, I think we could get those kind of rates without too much difficulty.

Where the problem I think will come in is when motorcycles belonging to gangs, to groups and so on, are tested against that system, we won't be able to get rates, because they are very very tightly underwritten and in a lot of cases simply refused. Where ours deals with a cross-section, we have to ensure every motorbike that comes forward for registration and the private sector doesn't. The liability part of the motorcycle insurance can be pushed off into a facility or a pool and the physical damage is simply excluded if they feel it's an unacceptable risk either morally or physically. So while we can get you numbers, I don't think they will be all that meaningful.

MR. D. SCOTT: Thank you very much, Mr. Laufer, and keep up the good work.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: Thank you, Mr. Chairman. I have a complaint from a constituent that I'd like to deal with but before I do I'd like to ask the Minister, he mentioned when he was answering about raising the drinking age that there were certain organizations that would not be in favour, I wonder if he was in a position to say which organizations those would be.

HON. J. BUCKLASCHUK: I don't have those names at my fingertips, but I do have some correspondence

in my files that would indicate that there are some groups in Manitoba that do not see the raising of the drinking age as being the answer to drinking and driving. I'll certainly provide that information to the member.

MRS. G. HAMMOND: I thank the Minister.

A constituent of mine had written to Mr. Sigurdson about a claim and it's about the write-off of an automobile. I know this isn't in isolation, because this is one of the areas that you do hear about very often, that people buy older cars that are in good condition and then they're in an accident of no fault of their own and of course they are not getting anywhere near the price they paid. This particular constituent had just bought a car - it was his daughter who had bought a car a year ago at \$1,900 and after much hassle, first of all, they offered \$850 and then after he wrote to Mr. Sigurdson. Mr. Sigurdson answered indicating that they had checked some other used car dealers to find another value. They rose the figure to \$950 plus tax, and if they wanted anything further, then they were to go to arbitration. Further to that, then they came back and said they'd made another error and the price went up to \$1,100 plus tax.

Now, the problem with this constituent - and he was really irate - was the fact that he had gone to bat for his daughter. He wondered how many other people couldn't afford the luxury of that and indicated in his letter that it would be a hardship for people who were low wage earners to hassle the corporation in any way, because, first of all, they probably need their car and they couldn't afford to go through the luxury of fighting the corporation.

I just wonder sometimes, after hearing this and hearing from different people who have had this type of thing, if part of the surplus that maybe the corporation has is because people are given unrealistically low figures for the write-off of their cars.

He was particularly concerned with the arbitration process and really felt that it wouldn't be very fair because he gets an appraiser and Autopac would get an appraiser and the two of them come together. But in his question it was how fair would it be when the MPIC has so much jurisdiction over the whole automobile industry? He had wanted to have an appointment with the Minister, but he got intercepted by a fellow by the name of Tom Laporte who indicated that the Minister just didn't see people for this type of thing.

The other concern he had was that if he wanted to go to arbitration that the cost would be about \$200.00. I guess my question is: what is the cost of the arbitration process to a claimant?

MR. C. LAUFER: As I mentioned earlier this morning, the claimant or the vehicle owner is responsible for picking his own arbitrator. A professional from a car dealership or some other related source would probably do an appraisal, depending again on how much time that they would spend on it - from \$50 to \$100.00. If the dispute escalates between the two appraisers and an umpire is chosen, the cost of that umpire would be split between the corporation and the individual. That could probably add another \$25 to \$50 to the bill.

MRS. G. HAMMOND: That seems to me to be very high. When you're getting hassled about a car that

you've paid \$1,900 worth to start with, and then you're offered \$850 and, if you go to arbitration, they suggest that you may well not even come out with that figure, that they could come in with a figure that's lower which certainly doesn't encourage anyone to go to arbitration.

I wonder, does the Minister have a policy of not seeing people who would like to discuss something like the arbitration process with the idea that maybe it should be more independent than it is right now.

HON. J. BUCKLASCHUK: First of all, I'm not aware of this particular claim. However, I believe there are some 208,000 claims recorded for last year and I don't think I'd find enough time in a day to deal with every inquiry that comes into the office. For that reason I, as a Minister, have a special assistant, Tom Laporte, who does interview quite a number of persons who telephone our office, or visit our office, and then pursue that matter through the Corporation, so that the client or the motorist's concerns are attended to.

It's impossible to please everyone's desires and I do, on occasion, see some persons whom I feel have a very legitimate claim. These are reviewed by the Corporation and a response is provided to me and, in most cases, I would say that the matter is resolved to the satisfaction of the claimant.

I should indicate also that, while the member may feel that all we hear are complaints, I can also assure the member that we receive, on occasion, letters from very satisfied claimants from within the province, and from outside of the province, and I recently saw one I think that came in from the United States commending the Manitoba Public Insurance Corporation for the efficiency and the courteousness that was extended.

In terms of the arbitration process, I have certainly not had that many complaints. As a matter of fact, I think it would be honest to say that I've had more just off-the-cuff remarks from fellow Manitobans who feel that MPIC is being very generous, or in some cases, almost overly generous. I think the arbitration process is working; it's the fairest one, short of taking it to the courts, and if the member feels that the costs of arbitration are expensive, the member should perhaps review what the costs of dealing with matters of this nature are through the courts. They're very much more substantial and if this cost was to be burdened on the Corporation, that would be reflected in higher insurance premiums. I do think we have a fairly efficient system. I, certainly, have not had that many complaints; certainly, we will hear the occasional complaint, but I think when you're dealing with 208,000 claims we're bound to hear that occasional complaint.

MRS. G. HAMMOND: Mr. Chairman, I appreciate the Minister's answer. I certainly wasn't, and neither was my constituent, talking about courtesy in any way. He was just talking about the process and was extremely disgruntled about the fairness that he perceived as the process of arbitration.

The other point that he made was that when they went to make the claim it was very difficult to get through to the Claims Centre because of snowstorm, or something else, and the answer from Mr. Sigurdson was that, with respect to the handling of incoming calls, the Corporation had found that the present system is

satisfactory during periods of normal volume, but problems can occur during peak periods. In view of this, several alternatives are presently being considered to correct the problem. I wonder if the problems have been corrected and, if so, what have they done?

MR. C. LAUFER: Yes, we found that the switchboard equipment and the telephone equipment that we had in the Claims Centres which was installed back in '71, was no longer capable of dealing with the kind of volumes and the kind of system that we have now, with Dial-A-Claim being the major of reporting claims. That system is being removed from the centres and a totally revamped, up-to-date and modern system is being installed, hopefully, to be finished by the end of June or mid-July that will take care of all incoming calls; that will cue the calls in their proper order so that the switchboard operator doesn't inadvertently pick up a call out of sequence; will give supervisors a monitoring device to know exactly how long a person has been waiting to speak to an adjuster in seconds; how many rings were required before the phone was answered; what each individual station is doing with respect to responding to their telephone, whether they're prompt; how long each adjuster takes to deal with a situation on the telephone. So we'll have, in addition to a far superior answering system, a system whereby it'll provide management reports so that we can pick out the hot spots and deal with them and streamline it even more so.

MRS. G. HAMMOND: I just have one last question, and it has to do with the disparity between the first offer of \$850 and a further of \$950, and then of \$1,100, plus tax. What happens when someone refuses and then they come back? Do they always give bottom line, or is there no fair assessment given in the first instance?

MR. C. LAUFER: I can't, of course, respond to the particular claim with which you're dealing because I just can't bring it to mind, although I probably have seen it. Generally what the adjusters do is they review what they call the Sanford Evans gold book on used car prices for the Province of Manitoba and they take a general evaluation of the car from there. When an individual comes in and reports the claim he says, gee that car's badly damaged, do you think it's a write-off? And the adjuster will say, well if you feel it's that badly damaged it probably is. And he'll say, well what do you think it's worth? And they'll ballpark it, given the Sanford Evans book, and that's really what it is, a sort of ballparking it, and they could say, about \$800.00. They're not going to say, \$1,500, which may be way in excess of the value. So, in that instance, they may say that, but that isn't necessarily a settlement offer as such.

When it's confirmed that the vehicle is a total loss, and the estimator's report comes back with a description of the vehicle condition; that is, rust, paint condition, previous damage, interior condition, is the upholstery soiled, clean, torn, what have you, tire condition, engine condition, mileage, and all the accessories on that car, only then can they pinpoint the value more accurately. So there are a lot of pluses and minuses that go on to the base figure. Then if

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there's any doubt, if it's the kind of a car that's a drag on the market, for instance, with a very large engine - 460 cubic inch engines right now are a drag on the market. So while all the pluses and minuses may have added up to a certain figure, the fact that the car is not readily saleable would reduce that.

On the other hand there are some cars, because of their design or whatever, are very popular. They may bring in a value higher than what those calculations might bring. So when they have situations where there may be those kind of circumstances, they will do other things. They will check the local newspapers to see if there are any similar cars for sale and what the asking price is; and (b) they will check with the dealers that handle those cars, and perhaps even a couple of dealers that don't, in an attempt to see what they feel the car would be worth given the equipment and condition. That combination of figures is then averaged out. As we say, it's not entirely satisfactory. It's averaged out and that is put forward as an offer.

Then if the insured comes in and says, but look, I spent another \$700 fixing the engine, which isn't visible to the adjuster or the appraisal, and I have done new brakes or I redid the transmission, or I've done this or that or the other thing, they say, well, bring in those receipts and let's have a look at them; and when that is done the price is adjusted if indeed that work that was done is reflective of additional value on the vehicle and then a final offer is put forward.

If the insured is still unsatisfied, there is a little bit of negotiating room that may be there and the figure can move a couple of hundred dollars on a settlement, as was in the case that you suggested, perhaps a little bit more. I am sure the same thing happens when you go in to buy a car from a dealer. You have a trade-in, he gives you an offer, you counter, and you bargain back and forth until you reach something that's acceptable to you and that's where the purchase takes place. The same sort of process happens to some degree in our settling of claims.

I might say that because a person pays \$1,900 for an automobile, people have been known to overpay, so you can't just carte blanche take what they paid for the car as the value of the car. They may have paid \$1,900 for a \$1,700 car, so we can't say t77 will insure the culpability of the individual. If an individual pays \$5,000 for a \$1,000 car and totals it the next day, we're not going to pay him \$5,000 for it. We are going to pay him \$1,000 for it. It would be a heck of a business if you could work it around, as you can appreciate.

So we deal with actual cash value. We deal with it as accurately as we can. We write off about 9,000 vehicles a year. We probably arbitrate one-quarter of 1 percent of those and we have disputes probably, on 1 or 2 percent. I think that's a pretty enviable record.

MR. CHAIRMAN: We have agreed at the beginning that we will accept all questions. It's now 12:00 noon. Shall we go to the report and then ask for a specific question?

MR. D. BLAKE: Mr. Chairman, it's not our intention to finish the report today. We have some members of our caucus that are unable to be here and they have some questions to bring up, and we have quite a number

of questions that we haven't covered yet. So if we can maybe get all them out of the way and get the other questions out of the way, then we can pass the report fairly quickly.

MR. CHAIRMAN: Okay. The Member for Portage.

MR. L. HYDE: Thank you, Mr. Chairman. I have a question that is regarding a claim that a farmer made to the Portage Claims Centre.

This farmer, in October of 1984, had an unfortunate accident of rolling his truck in the field while the hoist was some third way up loaded and moving to a very slow pace or rate of speed. — (Interjection) — It's guys like this here that disturbs the whole committee.

A MEMBER:: How do you drop gravel if the hoist is up?

MR. L. HYDE: Mr. Chairman, the Autopac, as I understand, would only cover the damage that resulted when this truck actually hit the ground. The visual damage to that truck when it struck the ground was very minimal, it was. It was just a matter of a few dents on the side of the vehicle. However, the damage that did occur to the frame and the hoist resulted in something like \$1,200.00.

Now, Mr. Chairman, the farmer took the truck to have it adjusted by two frame shops in Winnipeg here and the result of their examination, they claimed that the springs of the truck broke, allowing the load to shift and create the damage. I feel, Mr. Chairman, that in this case it was the adjusters in Winnipeg claimed that it was the result of a mechanical malfunction that allowed that to dip.

I am wondering, Mr. Chairman, if the Minister would be ready to take another look at this here particular claim because the farmer, he is just up and against it.

HON. J. BUCKLASCHUK: Yes, certainly, if the Member for Portage will provide me with the details, claim number and so on, I will get a full report and we will review that claim.

MR. L. HYDE: Thank you, Mr. Chairman. I am wondering if at the same time, Mr. Chairman, if the Minister is considering reviewing the act and improving the coverage on claims such as I have spoken to here this morning. This, as I understand, is not only the first time that we've had claims such as this appear before Autopac. It is something that I am sure will be appearing on more than one occasion in the future.

HON. J. BUCKLASCHUK: Well, I would like to look at the details of this particular claim. I must admit, I have certainly not seen too many of this nature, and I don't know if the corporation wants to get itself into a position where it's insuring design defects or mechanical defects. Primarily, we are an insurance against accidents, but we will review that particular situation and take it from there.

MR. L. HYDE: Thank you.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Thank you, Mr. Chairman. Pursuing some of the line of questioning that was being put forward concerning arbitration, it seems to me that a corporation such as this that has a monopoly, a hold on the insuring of vehicles, that there is a special responsibility on the part of that corporation to give satisfaction to their clients because, as you know, in a situation where there is competition such as in the private sector that if an individual has a claim, and they're unhappy with the claim, they can always tell the private company to stick it in their ear and they'll go and do business with somebody else. They may not get a better deal with somebody else but they get a certain amount of satisfaction from at least being able to take that kind of action.

Now, in dealing with a corporation that has a monopoly, of course, the individual can't do that and even though the corporation may feel that they have been treated fairly, the individual may not feel they've been treated fairly and they have no alternative but to continue to do business with that corporation. There are a great many out there, perhaps not a large percentage of the people that the corporation does business with, but there are people out there who are unhappy.

I know from some personal experience that when a question is raised with the Minister, for instance, about someone's dissatisfaction, that the Minister will ask the corporation, have we treated this person fairly? Have we treated this person unfairly? Of course, the natural response of the corporation is going to be to come back and say, yes, Mr. Minister, we have dealt fairly with this individual. So the Minister carries that response back to the member who may be raising the concern.

What I'm interested in is what the corporation is doing to assess the level of satisfaction or dissatisfaction that people have with the corporation. I think we discussed this last year, and there was some mention of it. I'm thinking particularly of people who have had claims with the corporation, because it is my impression generally from speaking with members of the public in general, they're quite happy with the corporation if they haven't had a claim. But when you talk to the people who have had claims, you naturally are going to find a higher percentage who are not happy with the corporation anymore.

So could someone advise me of exactly what the corporation has been doing to assess the satisfaction or dissatisfaction that clients have had with the corporation?

MR. C. LAUFER: Perhaps I can address a couple of the points that you raised.

When an individual, and I've had quite a bit of experience in dealing with the private sector as well, is dealing with a private insurance company and is dissatisfied with the way a claim is handled, he can indeed say I'll take my business elsewhere and do so. That isn't what usually happens though. What more often happens than not is that when the private individual has a claim with a private insurance company, happy or not with the settlement, the private insurance company says, you have now put us in an unfavourable position with respect to your account and we will do one of two things. We're going to charge you 30 percent

more for your insurance next year or, if you've been a good boy for three years and not had a claim, you're now going to lose your no-claim discount, or we're not going to insure you at all and then that individual has to scurry around to other insurance companies and attempt to get the insurance placed.

Believe me, once they have been turned down or surcharged by another insurance company, they have a heck of a time even getting the insurance, never mind worrying about the level of satisfaction and there are any number of cases like that. So there are pros and cons to both systems, and I would like to say that all is not honey and roses on the private side either.

When we're dealing with a level of satisfaction of claimants, and you make a very valid point here because anybody can be happy with having the lowest insurance rate in North America and say this is the greatest thing since sliced bread, but if it doesn't pay anything once it comes time to make a claim then what's the good of the low premium.

We in the early years, say from 1974 on through about - well maybe earlier - 1973 on through 1977, thereabouts, or 1976, issued each claimant that came into the claims centre, what we called a comment card. On that card we asked three or four simple questions that were check-off type questions. Were you looked after promptly? Was the adjuster courteous - blah blah blah - and then provided a space for their general comments.

The previous general manager - and I was in charge of claims at that time - and I reviewed each and every one of those cards, and we received hundreds of them during the course of each month and we tabulated them. We followed up on every indication where the level of satisfaction was not good. I can say, and perhaps even dig back to get those for you if you need, that the level of satisfaction recorded was better than 80 percent.

When you're dealing in a stressful situation such as adjusting an automobile insurance claim where there may be injuries involved and what have you, it's not always easy to achieve a high level of satisfaction because a person is simply distraught and no matter what you do for them, they're not going to feel entirely comfortable or entirely rewarded or, in fact, entirely vindicated of any fault because some son of a gun ran into him.

We have recently conducted surveys of people who have filed claims by way of sending out personal questionnaires on a random basis, on a valid statistical sample, on both the general insurance and the automobile insurance side. The results of those two surveys were published in the last issue of our Courier Magazine. I'll be happy to send you a copy so that you can see the areas that we addressed insofar as trying to assess level of customer satisfaction, and the responses that we received on a percentage basis.

Again, I think you'll find there that the results showed a very high level, 80-plus percent satisfaction with the service offered by the corporation in the adjustment of claims.

MR. B. RANSOM: Mr. Chairman, I wouldn't want Mr. Laufer to think that I was attempting to get into a debate on the merits of the private insurance versus the

government-run insurance. I simply point out to him one of the relief valves that is available to an individual when they're dealing with more than one source of a service.

Is there a special sort of evaluation that's done with respect to individual assessors and adjusters to determine how the members of the public that they deal with see them as public servants? And is there any special sort of training that's given to these people so that they do understand the fact that indeed they are public servants and that there is a way of dealing with the public in difficult situations that can leave them more satisfied than might otherwise be the case.

MR. C. LAUFER: Yes, indeed, we attempt to make it very clear to our people that given the role that they have it's even more important that they convey a good public image and convey a sense of fairness and justice in the way that they deal with the public. Quite apart from the training programs that the adjusting personnel undergo with respect to the technical aspects of insurance claims adjusting, we have as an integral part of that training with respect to PR techniques telephone answering techniques, and we have just recently completed a mandatory course which is called a Wilson training course over all public relations. So we do that sort of thing, recognizing that not everyone who falls into an adjuster's role is necessarily equipped to handle the PR aspect of it. We do pick up on training there.

To ensure that is carried out in the field what we've done is split the adjusting units into smaller groups under the supervision of a claim supervisor who can view what is going on in front of him with his group of four, six or eight employees. I don't know just what it is offhand. He has a day-to-day overview of what they're doing and how they're interacting with the public, and indeed it's his responsibility when he sees a situation deteriorate at a particular desk during a claim interview to step over, intercede, see what's going on and see if he can help.

MR. B. RANSOM: I have questions in other areas, Mr. Chairman. Does the corporation anticipate any significant impact from the Charter of Rights with respect to their operations?

MR. C. LAUFER: We have probably pioneered in many areas the equality aspect of insurance from a sales point of view and from other points of view. So the impact that the Charter will have, it has some in some areas of our legislation, will not be significant to the corporation from a cost point of view, from a policy point of view or from an administrative point of view.

MR. B. RANSOM: Can Mr. Laufer give me some information about the number of claims that have been made on the corporation with respect to vehicles that have been rejected for various reasons, the person might have had the wrong licence, might have had a T licence, for instance, when they should have had a CT licence, or where there have been cases where coverage wasn't provided because an individual didn't have tires in satisfactory condition or whether a driver might have been inappropriately licensed? Are there statistics that deal with those kind of situations?

MR. C. LAUFER: We have statistics dealing with all claims that are rejected, and there are a number of categories under which they fall. There are claims that are rejected for coverage breaches, as are straightforward breaches, impaired driving, things like that. There are claims that are outside the scope of coverage because of things like failure to change from one territory to another, but they're dealt with in another fashion in that they are then reviewed by the exgratia committee and most cases are paid. If we find that the possession of a lower insurance premium is as a result of the individual simply not knowing the difference, in other words, he didn't deliberately set out to get the lowest insurance premium that he could get hoping he wouldn't get caught, then those claims receive favourable exgratia consideration and the individual pays the difference between the premium he ought to have paid and that which he did paid.

Those cases where the thing is deliberate, those claims are denied, naturally, and we have all those statistics available. I don't have them with me, I'd certainly make them available to you if you wish.

MR. B. RANSOM: I would appreciate seeing those statistics because I think perhaps in the rural areas, maybe more so than some other areas, that there are people uncertain about whether they're covered or not, having to do with the category of truck licences, especially, with the "T" licences only covering up to a radius of 15 miles, or that sort of thing, which means that out in the country you can't do very much with a truck if you can only travel 15 miles. I would be interested in seeing that information.

A couple of other specific questions. How are the pup trailers insured? My understanding of it is that you can get a licence for a pup trailer for something like \$5 for five years, but it has obviously no insurance attached to it. Now, are there different categories of insurance that the operator of that pup trailer can either take out or leave?

MR. C. LAUFER: Usually, vehicles that are towing pup trailers, or two trailers, or whatever are part of a large fleet, and the commercial operations always buy up on the liability end of the coverage anyway, which they need to do. They end up with a blanket policy outlining all of the vehicles that they have and the pup trailers are included there. They're rated individually on what type of pups they are, and what's towing them, and over what distance. If they're towing, for instance, gasoline, the rate is different than if they're towing gravel or lumber or whatever. If they're towing 25 miles from a gravel pit as opposed to 200 miles to an oil refinery, the rates are different.

So they are rated more or less on an individual basis, but the whole policy is a blanket policy outlining all the trailers and all the vehicles that a particular operator may have.

MR. B. RANSOM: And farm ones.

MR. C. LAUFER: Farmers? They would be rated individually in that licence category.

MR. B. RANSOM: What's the minimum then that a farmer would have to take out on a pup trailer for hauling grain?

MR. C. LAUFER: The law would require that he carry a minimum of \$200,000 third-party liability. There is nothing else that he need carry. That insurance, of course, is available through our Brandon office or through any other private sector insurer.

Usually they insure the vehicle in the same fashion as they would the truck that's pulling it, that is for physical damage coverage and for third-party liability coverage to whatever limit they have on the towing vehicle.

MR. B. RANSOM: One question to the Minister, Mr. Chairman, before 12:30. The government has had discussion about taking profits from Manitoba Hydro, for instance, and putting them into general revenue. Has there been any discussion concerning the possibility of taking profits from the MPIC and putting it into general revenue?

HON. J. BUCKLASCHUK: Mr. Chairman, there has been no consideration of doing that at the present, or I haven't had any thought of that at all.

MR. B. RANSOM: Can I take that to mean that the Minister is rejecting any possibility of that happening?

HON. J. BUCKLASCHUK: The existing legislation on the automobile side prohibits that very thing from happening, and I certainly haven't given any thought to amending our legislation.

MR. B. RANSOM: The existing legislation on Hydro prevents it as well. That hasn't stopped consideration of it.

HON. J. BUCKLASCHUK: Well, as I have indicated, I think twice now, I certainly have not given any consideration to that.

MR. D. BLAKE: In closing, Mr. Chairman, it's run or a little longer. Just to close, there's one question I'd like to ask the Minister, and maybe some thought could be given to it, does the Minister carry business insurance on his automobile?

HON. J. BUCKLASCHUK: Yes, I do.

MR. D. BLAKE: That's something, Mr. Chairman, we've had many discussions on. I travel a great deal in my constituency, and I consider that to be on business. At one time when I worked part-time for my former employer, I carried business insurance and when reached that magic age where I took my pension someone on the other side of the House had checked it out and he said you don't need it now. You're just an MLA, and you are covered under the normal policy. But I still have some nervousness about it. Maybe the general manager could look into it and see what the duties of an MLA are, and come back to us and advise us whether we should have business coverage or whether we're covered under the normal policy.

A MEMBER: We get reimbursed anyway, so there's no problem.

MR. CHAIRMAN: The time being 12:30, this Committee on Public Utilities and Natural Resources shall continue its consideration of the Report of the Manitoba Public Insurance Corporation at its next meeting.

This committee shall meet again at the date and time to be announced in the Chamber by the Government House Leader.

In the meantime, committee rise.

COMMITTEE ROSE AT: 12:31 p.m.